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SUBJECT: WHERE DOES ALL THAT MONEY GO? THE MOVE TOWARD
PARTICIPATORY BUDGETS

REF: LAGOS 98

11. (SBU) Summary: On August 27-28, the Senate Appropriations Committee held a zonal consultative meeting on inclusive budgeting in Osun state, inviting state governments, civil society organizations, and media from the southwest to provide input into the 2010 federal budget. The federal government's efforts were welcome, as organizations urged the Senate to enact legislation that would require inclusive budgeting at the federal and state levels. Anambra state has already initiated participatory budgeting and made improvements in public finance and development planning. Ogun and Lagos states have also made efforts to include stakeholders in the budget process, a positive move towards fiscal accountability and transparency at the state level. End Summary.

12. (SBU) On August 27-28 in Oshogbo, the capital city of Osun state, the Senate Appropriations Committee hosted the southwestern states in a two-day session on the 2010 federal budget. This zonal planning meeting is part of a United Nations Development Program (UNDP) initiative to advance inclusive budgeting at the federal level. On the first day, the representatives of the six southwestern states discussed state and regional priorities in future federal budget allocations. On the second day, the Senate Chairman on Appropriations, Senator Iyiola Omisore, sought input from civil society organizations and the media on the participatory budget process.

13. (SBU) On September 2, Abiodun Oyeleye, director of the New Initiative for Social Development, an Ekiti-based organization, told Poloff that civil society groups urged the Senate to pass a law on participatory budgeting. This would encourage the House Assembly in each state to implement inclusive budgeting at the state level. Participants argued that integrating the public into the process would ensure that funds marked for development would actually reach their designated communities. They also emphasized the need for a federal budget and tracking commission to monitor expenditures and budget implementation.

14. (SBU) While involving states in the budget process is the most recent development at the federal level, some states in southern Nigeria have already begun to feature inclusive practices in their own state governments. Anambra is the first of the southeastern states to incorporate participatory budgets and improve public finance through a partnership with the European Union's Support to Reforming Institutions Program (Reftel). Since 2008, Governor Peter Obi (All Nigeria People's Party - ANPP) has sought input from civil

society and local government areas in the budget process, which has improved transparency and disclosure of state financial accounts. By accepting change in public finance, the Governor has found that his own integrated development strategy has been more effective as more stakeholders support his plans. D.B. Afam Obi (People's Democratic Party - PDP), Deputy Speaker of the Anambra State House of Assembly, told Poloff that the participatory budget was an important way for the House of Assembly to hold the Governor accountable, since all of the stakeholders had a say in the process. Afam Obi added that when the House was passing the 2009 budget, they looked at how successful the Governor had been at implementing the budget promises made to local governments and communities projects.

15. (SBU) In the southwest, Ogun state has implemented budget sessions open to the public where the ministries, proposed budgets are negotiated. Kayode Samuel, Ogun State Information Commissioner, told Polspec that Governor Gbenga Daniel (PDP) has sought to involve stakeholders in all parts of the budget process and shares budget information when requested. In Lagos, Governor Babatunde Fashola (Action Congress - AC) invites civil society groups to attend and voice concerns at budgetary sessions. While both of these states allow communities and civil society to voice their budget priorities, neither state yet releases enough information to be held accountable for how funds are actually spent. As many of the southwestern and southeastern states receive low federal allocations compared to their oil-producing neighbors, the transparency of the state budget process is all the more important in tracking where the

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limited funds are allocated.

16. (SBU) There is still work to be done in other states in the region, Ayo Adebuseye of Nigerian Network for NGOs (NNNGO) told Poloff. In one NNNGO community project in Oyo state, the local government development committee said it was not willing to confront local and state governments, as budget tracking would be perceived as antagonistic. Adetokunbo Mumumi, Executive Director of the Socio-Economic Rights and Accountability Project (SERAP), told Poloff that in their awareness campaign in Lagos state, they found that citizens are afraid to confront local government leaders about the misuse of funds. SERAP and similar organizations have embarked on campaigns to train communities on their rights to be included in the budgetary process and hold public leaders accountable for how funds are spent.

17. (SBU) Comment: While the federal inclusive budgeting effort is still in its nascent stage, civil society groups and state governments alike are pleased to have a say in where the money goes. Most importantly, states like Anambra and Lagos show that incorporating civil society into public finance is not all bad - in fact, it appears to lead to greater support for the governors, own projects. At the least, it gives communities the opportunity to identify priorities at the local and state level, broaden the participation of the public in the budget process, and promote availability of budget information to the public. While a small step in the quest for transparency, participatory budgeting is a positive move toward building democracy at the state and federal level. End Comment.

18. (U) This cable has been coordinated with Embassy Abuja.
BLAIR